

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 30, 2008
POSITION: Neutral, note concerns

BILL NUMBER: SB 380
AUTHOR: C. Kehoe
RELATED BILLS: AB 1969 (Chap. 731, Stats. 2006)

BILL SUMMARY: Renewable Energy Resources

Existing law under AB 1969 (2006) requires investor-owned utilities (IOUs) to purchase all electricity generated from renewable facilities that are owned by water and waste water agencies that are smaller than one megawatt in size at specified rates set by the PUC. This bill would codify regulations issued recently by the PUC that apply to Pacific Gas & Electric (PG&E) and Southern California Edison (SCE). The bill also would expand the current program to include San Diego Gas & Electric (SDG&E) as part of the AB 1969 program.

FISCAL SUMMARY

Because this bill would codify regulatory actions already taken by the PUC, the bill would have no fiscal impact on the PUC. In addition, PUC staff have stated that additional workload related to the expansion of the current program to include SDG&E is minor and can be absorbed within existing resources.

COMMENTS

Finance is neutral on this bill as it would impose no new costs on state government and is consistent with existing actions taken by the PUC. However, Finance notes concern with statutorily codifying regulations. This limits the PUC's flexibility to modify these regulations and subsequent changes to these rules will have to be addressed through legislation.

Under current law, a violation of the Public Utilities Act or an order or direction of the PUC is a crime. Because this bill would require an order or other action of the PUC to implement its provisions, this bill creates a new crime and a state-mandated local program. However, the mandate would not be reimbursable by the state.

Existing regulations recently issued by the PUC provide that PG&E and SCE must purchase renewable energy produced by any customer and pay the customer a market price determined by the PUC. These regulations also allow renewable generators to be up to 1.5 megawatts in size.

		SO	(Fiscal Impact by Fiscal Year)								
Code/Department		LA	(Dollars in Thousands)								
Agency or Revenue		CO	PROP								Fund
Type		RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	Code	
8660/PUC		SO	No		-----	No/Minor	Fiscal Impact	-----		0462	
<u>Fund Code</u>	<u>Title</u>										
0462	Publ Utilities Comm Utilities Reimb Acct										

Analyst/Principal (0631) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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